

## REMARKS

### Claim Status

Claims 1-9 and 11-21 are pending in the present application.

Claim 10 has been cancelled without prejudice and without conceding the merits of the outstanding rejection. Applicants reserve the right to prosecute claims of commensurate scope in one or more continuing applications. The claims are amended herein in an editorial fashion. The scope of some of the claims have been directed to alternative aspects of the invention, and in many cases, the amendments have broaden features of respective claims. We have not intended to forfeit equivalent arrangements with these amendments.

Claim 21 is newly presented and is believed supported by the application as filed.

### Rejections

Claims 1-3, 10-14 16 and 20 stand rejected an being anticipated by the Background section of the subject application. Claims 4-9 and 15 stand rejected as being anticipated by the Background. Claims 17 and 19 stand rejected as being anticipated by U.S. Patent No. 5,652,626 (Kawakami). Claim 18 stands rejected as being unpatentable over Kawakami in view of the Background.

Applicants respectfully traverse these rejections.

### Response to the Rejections

#### *Background of the Invention*

Applicants respectfully submit that the Background section of the subject application does not teach or suggest the combinations recited in the claims.

For example, claim 1 recites projecting color values of each pixel onto a preferred projection axis that is determined by examining color of pixels surrounding each pixel.

For example, claim 2 recites a filter to calculate a value of each pixel along a preferred projection axis, the preferred projection axis corresponding to a direction of embedding determined based on color characteristics of at least some pixels associated with each pixel, in combination with the remaining claim features.

Claim 3 recites a preferred projection axis is determined by averaging at least some color values of pixels in an area adjacent a particular pixel, in combination with other features.

Claim 14 recites that a direction of a selected axis is determined by examining color values of pixels in an area associated with each pixel, in combination with other claim features.

Claim 20 recites approximating a plurality of color directions that the digital watermark is likely embedded along through analysis of a plurality of local color characteristics of the image, and searching for the digital watermark in the approximated color directions.

The remaining claims also recite combinations not understood to be disclosed in the Background of the subject application.

Claims 1-3, 10-14 16 and 20 are believed to be in condition for allowance. Favorable consideration is requested.

#### *Kawakami*

The cited passages of Kawakami are not understood to teach or suggest the combinations recited in claims 17-19.

For example, claim 17 recites inserting a first watermark in an image in a first color direction, wherein the first color direction inserting a first watermark in an image in a first color direction, wherein the first color direction is determined, at least in part, through consideration of localized color characteristics associated with different sets of pixels in the image, in combination with the other claim features. Kawakami is not understood to teach or suggest such a combination. (The many other deficiencies of Kawakami need not be belabored at this time.).

Claims 18 and 19 are also believed to recite patentable combinations.

Favorable consideration is respectfully requested.

#### *New Claim 21*

New Claim 21 is believed to be allowable over the Background and Kawakami. Claim 21 recites a combination including a method of embedding a digital watermark in

an image. The image comprises at least a set of pixels having color values associated therewith. The method includes: for each pixel in the set of pixels, determining a color direction associated therewith through reference to at least color characteristics of a plurality of associated pixels, and embedding components of the digital watermark along color directions determined in the determining step.

Favorable consideration is respectfully requested.

#### *Remaining Claims*

The remaining claims are also believe to recite patentable combinations.  
Favorable consideration is respectfully requested.

#### Information Disclosure Statement

Applicant currently intends to file an Information Disclosure Statement (IDS) and Form-1449. The Examiner is respectfully requested to contact the undersigned if the IDS is not matched with file by the time the Examiner picks up this Amendment for consideration.

#### Conclusion

The application is believed to be in condition for allowance. An early notice of allowance is respectfully requested. Nevertheless, the Examiner is invited to telephone the undersigned at 503-495-4575 if any issue remains.

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Customer No. 23735

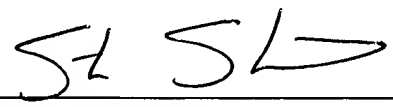
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Respectfully submitted,

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